MediaTek Inc.

3Q preview and key investor questions on TPU programs

Overweight

2454.TW, 2454 TT
Price (20 Oct 26):NT$4,150.00
Price Target (Jun-27):NT$5,600.00

Technology and Telecoms

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MediaTek's 3Q26 preliminary sales beat both JPMe and consensus, as well as the high end of company guidance, driven by smartphone pull-in ahead of planned SoC price hikes, improved foundry and OSAT supply support, and initial TPU v8t shipments. We model 4Q26 revenues to grow 25% QoQ on a steep TPU v8t ramp, while traditional segments are likely to decline QoQ after the 3Q pull in. GMs should drop due to higher ASIC mix, but OP margins should surprise due to much higher operating leverage in the ASIC business, in our view. Looking further out, our recent checks indicate TPU v9 (Humufish) remains on track to tape out in 4Q26, with revenue contribution from 1Q28, supporting our 3.3mn-unit shipment forecast for 2028. Our recent supply-chain checks also indicate that EMIB-T substrate yields remain at acceptable levels, with prospects to add more substrate vendors into the supply chain in the coming months, which could help bolster the supply situation. We also expect the TPU v10 project award to be finalized in the next 3-5 months – we believe Mediatek is likely to be the primary CoT design partner and should retain SerDes IP, I/O die, packaging design, and project management, while design service vendors such as GUC or Alchip may enter the compute die turnkey process. Overall, we still expect MediaTek's ASPs and profit-per-chip to rise 20-30% from TPUv9. We also expect MediaTek to highlight one more Datacenter ASIC customer win in its upcoming earnings call, likely SpaceX. The stock has been under pressure due to concerns regarding the TPUv9 tapeout delay and uncertainty on TPU v10 project award – we remain buyers into a potential v10 project award in the next 3-5 months and stay OW with a Jun-27 PT of NT$5,600.

- **3Q revenue beat on smartphone pull-in and improved supply; ASIC ramp to drive 4Q:** MediaTek's 3Q preliminary sales came in 8% above both JPMe and consensus, and beat the high end of guidance by 5%. We attribute the beat mainly to smartphone pull-in ahead of planned SoC price hikes, better supply support from foundries and OSATs, and some initial TPU v8t shipments. On margins, we expect 3Q GM at 46%, in line with the mid-point of guidance (44.5-47.5%), while we expect OPM to land at 15%, slightly better than our prior expectation given the larger scale. For 4Q26, we now model revenue up 25% QoQ despite the high 3Q base, driven by a steeper TPU v8t ramp offsetting the further weakened smartphone demand and a seasonal decline in Smart Edge. GM should be diluted by the ASIC ramp, and we expect it to land at 45%, although OP margins should see strong QoQ improvement (we expect 19%) given the OP leverage in ASICs.
- **TPU v9 tape-out on track for 4Q26, with production ramp in 1Q28; 3mn unit shipment target for 2028:** Recently, there have been several investor concerns regarding a slippage in tapeout time for TPUv9. Our recent checks indicate MediaTek's TPU v9 (Humufish) remains on track to tape out in 4Q26. At the individual chiplet level, we believe that both the N3 and N2 (compute and I/O dies have seen preliminary simulation and have already undergone preliminary tapeouts). Having said that, we still expect two tapeouts to happen for this chip (similar to most leading ASICs or GPUs recently) to iron out any design issues before proceeding for mass production. We expect TPUv9 Humufish to enter mass production in late 2027, with revenue contribution

Quarterly Forecasts (FYE Dec)

Adj. EPS (NT$)

	2025A	2026E	2027E
Q1	18.31	15.07A	31.21
Q2	17.39	15.21A	34.27
Q3	15.72	16.10	41.89
Q4	14.29	24.42	48.42
FY	65.71	70.80	155.80

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	51	34	22	12	22
Growth	30	49	43	43	20
Momentum	15	51	65	47	37
Quality	34	33	13	31	51
Low Vol	64	43	51	61	69
ESGQ	91	15	17	9	4

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 12 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	190.2%	-11.9%	24.2%	209.7%
Rel	130.4%	-10.0%	15.2%	142.5%

Company Data

Shares O/S (mn)	1,599
52-week range (NT$)	5,480.00-1,130.00
Market cap ($ mn)	203,303
Exchange rate	32.64
Free float (%)	86.1%
3M ADV (mn)	8.95
3M ADV ($ mn)	1,163.3
Volatility (90 Day)	66
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	32|1|0

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	595,966	679,280	1,177,920	2,136,604
Adj. EBIT	103,470	110,896	270,335	567,506
Adj. EBITDA	116,806	125,330	286,370	584,903
Adj. net income	105,319	113,557	249,882	511,742
Adj. EPS	65.71	70.80	155.80	319.06
BBG EPS	66.45	68.99	142.53	282.29
Cashflow from operations	141,195	9,198	197,456	312,262
FCFF	115,710	(14,769)	180,859	294,371
Margins and Growth				
Revenue Growth Y/Y (%)	12.3%	14.0%	73.4%	81.4%
EBIT margin	17.4%	16.3%	23.0%	26.6%
EBIT Growth Y/Y (%)	1.0%	7.2%	143.8%	109.9%
EBITDA margin	19.6%	18.5%	24.3%	27.4%
EBITDA Growth Y/Y (%)	1.6%	7.3%	128.5%	104.2%
Net margin	17.7%	16.7%	21.2%	24.0%
Adj. EPS growth	(1.1%)	7.7%	120.1%	104.8%
Ratios				
Adj. tax rate	15.0%	10.9%	12.3%	12.2%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	26.4%	26.8%	47.6%	67.4%
Valuation				
FCFF yield	1.7%	(0.2%)	2.7%	4.4%
Dividend yield	1.3%	1.3%	1.4%	3.0%
EV/Revenue	11.0	9.5	5.5	3.0
EV/EBITDA	56.2	51.6	22.5	11.1
Adj. P/E	63.2	58.6	26.6	13.0

Summary Investment Thesis and Valuation

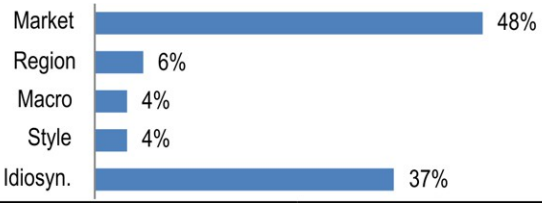
Investment Thesis

We are OW on MediaTek, given its TPU opportunity to continue to grow over the next 4-5 years and we believe it has the ability to reach $80-100bn annual run-rate by 2030E. We believe that MediaTek is likely to have majority unit share within TPUv8 (in 2027), be the primary ASIC vendor for TPUv9 with a sharp jump in ASPs, and is in pole position to emerge as the primary ASIC partner for TPUv10 with rising ASP per chip. For TPUv10, we expect Mediatek to provide I/O die, high-speed Serdes and other interconnect IP, overall packaging design and program management, with a business model similar to v9. We also believe that the market is underestimating the OP leverage from the ASIC ramp, which should drive significant upside to EPS estimates in the next 2 years, once ASIC revenues start flowing through.

Valuation

Our Jun-27 PT of NT$5600 is based on a 24x P/E multiple (moving back to a straight PE from SoTP, given ASICs are now the dominant earnings driver), which is higher than the past 10-year average, reflecting stronger growth for future TPU opportunity.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.75	0.69
Region: Taiwan	0.41	0.35
Macro:		
Markit EM Composite PMI SA	0.32	0.27
JP Morgan EMBI Global Spread	0.06	0.17
JP Morgan GBI-EM Global Div	-0.21	-0.17
Quant Styles:		
Size	0.22	0.17
Growth	0.17	0.09
Momentum	0.18	0.06

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

from 1Q28, and continue to model 3.3mn units shipment in 2028. Our supply-chain checks also point to no competing Broadcom part (Pumafish) in the v9 generation, with the only offering likely being Sunfish Ultra, an extension of v8i. We, therefore, expect MediaTek to be the primary supplier for the v9 family in 2028. When it comes to EMIB-T packaging, we believe that the process has already passed customer validation, and it appears that the customer had decided to rely solely on EMIB-T packaging for this project. ABF substrate yields still remain a key bottleneck, but yields at 50% levels (among Japanese substrate vendors) and the addition of new substrate vendors into the supply chain give more confidence that MediaTek could reach 3mn+ units of TPUv9 shipments in 2028.

- **TPU v10 project award likely in the next few months; new customer wins also likely concluded by year-end:** The TPUv10 project RFQ has been quite open and wide ranging, which has led to increased speculation of several design service vendors being involved in this process, to the detriment of MediaTek's market share. We believe that the project award should be finalized in the next 3-5 months with the engagement model likely to be quite similar to TPUv9. In our view, MediaTek will again handle SerDes IP (448G), the I/O die design, overall packaging design, and project management, with other vendors (e.g., GUC or Alchip) potentially engaging in back-end logistics for the compute die (which will be designed by Google in-house). We continue to expect TPU v10 ASPs for MediaTek to rise 20-30% versus TPU v9, reflecting a more complex design and higher-end SerDes (448G, in our view), despite some value transfer on the compute die back-end design. We also believe that this Semi CoT approach is likely to be the primary project for Google into the TPUv10 generation, given better economics. In addition, multiple new client engagements are under discussion – we believe MediaTek is in the final stage of securing a project win with SpaceX, while it is also collaborating with both Alibaba and Bytedance on potential ASIC projects. While revenue contribution is likely to be small into 2028, we believe this should further validate MediaTek's ASIC credentials.

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Table 1: MediaTek: DC ASIC Key Assumptions

	2026E	2027E	2028E
TPU v8 Zebrafish			
Units (mn)	0.5	4.1	1.3
ASP (US$)	4,250	4,500	4,250
Revenue (US$mn)	2,125	18,225	5,525
TPU v9 Humufish			
Units (mn)			3.3
ASP(US$)			12,848
Revenue (US$mn)			42,400
TPU v10 Icefish			
Units (mn)			0.0
ASP(US$)			15,418
Revenue (US$mn)			0
Other Enterprise ASIC			
Revenue (US$mn)	114	135	149
ASIC Revenue (US$mn)	**2,252**	**18,360**	**48,074**
Total TPU shipments	0.5	4.1	4.6

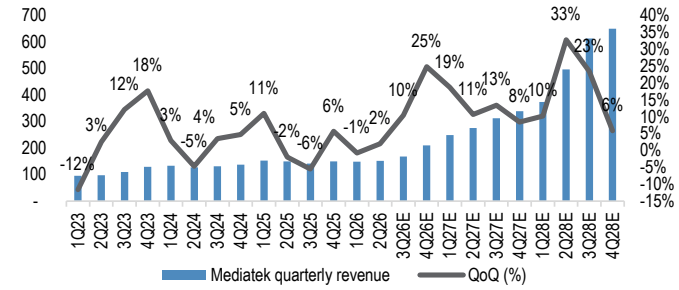
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Key charts

Figure 1: MediaTek – Quarterly revenue and qoq

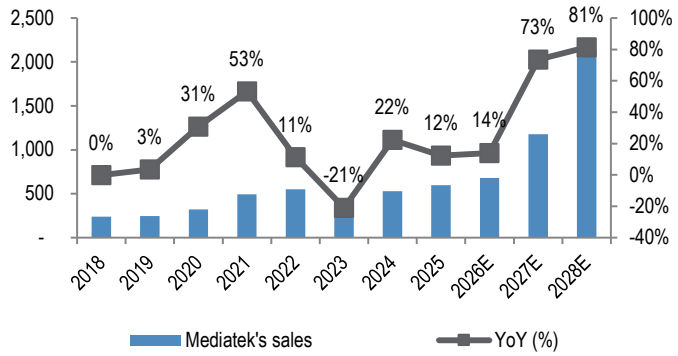
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 2: MediaTek – Annual revenue and yoy

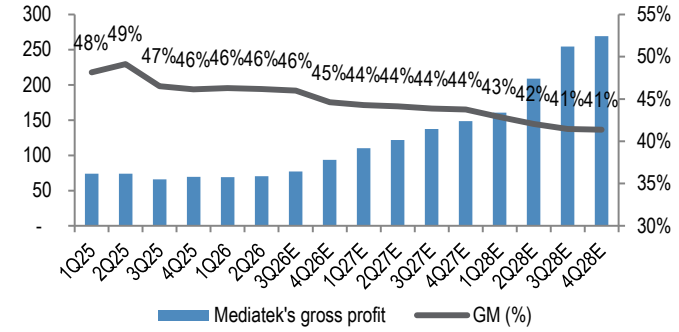
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 3: MediaTek – Gross profit and GM (quarterly)

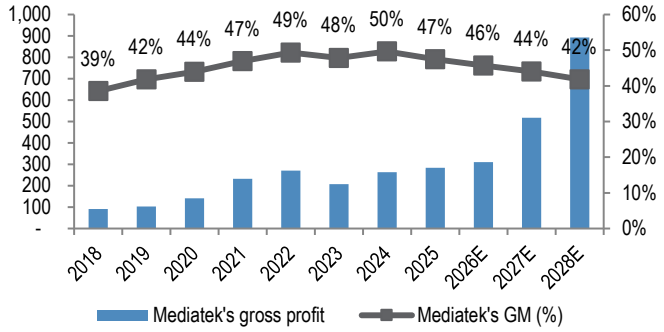
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 4: MediaTek – Gross profit and GM (annual)

NT$ in billions, %

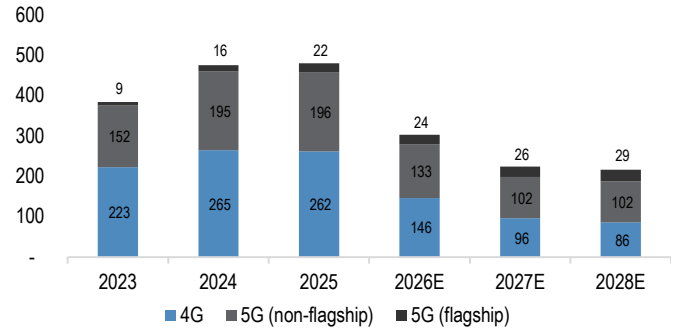


Source: Company data, J.P. Morgan estimates.

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Figure 5: MediaTek – Smartphone shipment breakdown

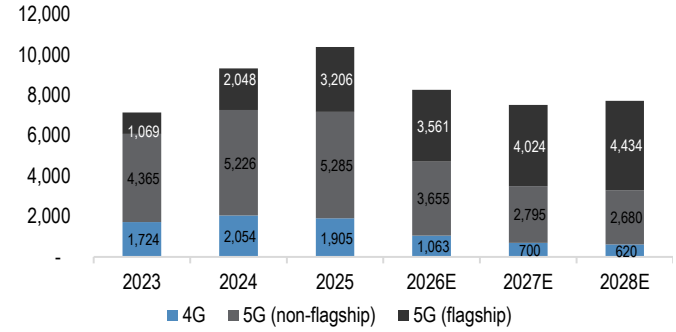
Units in millions



Source: Company data, J.P. Morgan estimates.

Figure 6: MediaTek – Smartphone revenue breakdown

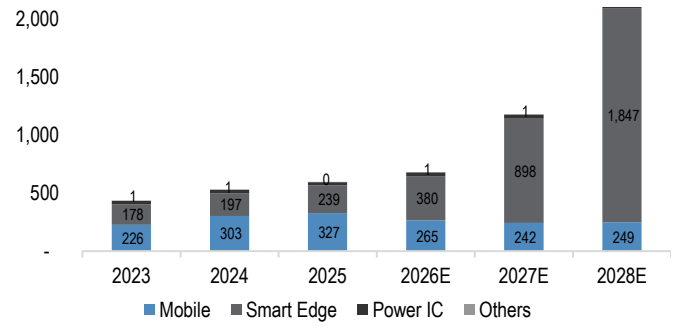
US$ in millions



Source: Company data, J.P. Morgan estimates.

Figure 7: MediaTek – Revenue by segment

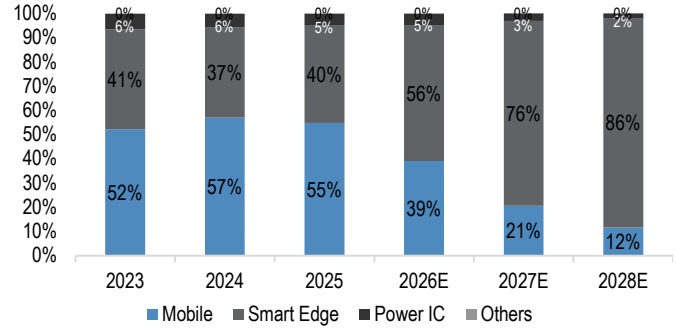
NT$ in billions



Source: Company data, J.P. Morgan estimates.

Figure 8: MediaTek – Revenue mix by segment

%



Source: Company data, J.P. Morgan estimates.

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Estimate revisions

Table 2: MediaTek – Quarterly estimate revisions

	Revised			Prior			Change (%)		
NT$ million	3Q26E	4Q26E	1Q27E	3Q26E	4Q26E	1Q27E	3Q26E	4Q26E	1Q27E
Revenues	**168,057**	**209,889**	**249,281**	**155,737**	**212,068**	**247,406**	**8%**	**-1%**	**1%**
Gross profit	77,300	93,611	110,367	71,646	94,294	109,510	8%	-1%	1%
GM (%)	*46.0%*	*44.6%*	*44.3%*	*46.0%*	*44.5%*	*44.3%*	*-1bps*	*14bps*	*1bps*
Operating profit	25,535	39,602	54,081	22,847	40,215	53,798	12%	-2%	1%
OPM (%)	*15.2%*	*18.9%*	*21.7%*	*14.7%*	*19.0%*	*21.7%*	*52bps*	*-10bps*	*-5bps*
Net profit	25,820	39,163	50,061	23,455	39,841	49,650	10%	-2%	1%
EPS (NT$)	**16.10**	**24.42**	**31.21**	**14.62**	**24.84**	**30.96**	**10%**	**-2%**	**1%**
EPS ex one off disposals (NT$)	**16.10**	**24.42**	**31.21**	**14.62**	**24.84**	**30.96**	**10%**	**-2%**	**1%**
Smartphone Shipment (mn units)	76	59	56	67	63	60	12%	-7%	-7%
4G	35	26	25	33	31	30	6%	-17%	-17%
5G	41	33	31	35	32	30	19%	3%	3%
Smartphone ASP (US$)	28.1	32.2	32.1	28.6	29.3	29.1	-2%	10%	10%
Mobile revenue	68,566	60,829	57,578	62,139	59,373	56,198	10%	2%	2%
Smart Edge revenue	90,790	139,889	182,982	84,898	143,523	182,487	7%	-3%	0%
Power IC revenue	8,544	9,015	8,564	8,544	9,015	8,564	0%	0%	0%

Source: J.P. Morgan estimates.

Table 3: MediaTek – Annual estimate revisions

	Revised			Prior			Change (%)		
NT$ million	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	**679,280**	**1,177,920**	**2,136,604**	**669,138**	**1,169,255**	**2,126,268**	**2%**	**1%**	**0%**
Gross profit	310,274	518,153	893,406	305,302	514,245	888,804	2%	1%	1%
GM (%)	*45.7%*	*44.0%*	*41.8%*	*45.6%*	*44.0%*	*41.8%*	*5bps*	*1bps*	*1bps*
Operating profit	110,896	270,335	567,506	108,821	269,080	566,028	2%	0%	0%
OPM (%)	*16.3%*	*23.0%*	*26.6%*	*16.3%*	*23.0%*	*26.6%*	*6bps*	*-6bps*	*-6bps*
Net profit	113,557	249,882	511,742	111,870	248,779	510,464	2%	0%	0%
EPS (NT$)	**70.80**	**155.80**	**319.06**	**69.75**	**155.11**	**318.27**	**2%**	**0%**	**0%**
EPS ex one off disposals (NT$)	**70.80**	**155.80**	**319.06**	**69.75**	**155.11**	**318.27**	**2%**	**0%**	**0%**
Smartphone Shipment (mn units)	303	225	217	299	240	230	1%	-7%	-6%
4G	146	96	86	150	115	103	-2%	-17%	-17%
5G	157	128	131	150	125	127	5%	3%	3%
Smartphone ASP (US$)	27.3	33.5	35.7	26.8	30.4	32.5	2%	10%	10%
Mobile revenue	265,325	242,309	249,010	257,441	235,623	240,718	3%	3%	3%
Smart Edge revenue	379,503	898,219	1,846,545	377,246	896,241	1,844,501	1%	0%	0%
Power IC revenue	33,762	36,725	40,313	33,762	36,725	40,313	0%	0%	0%

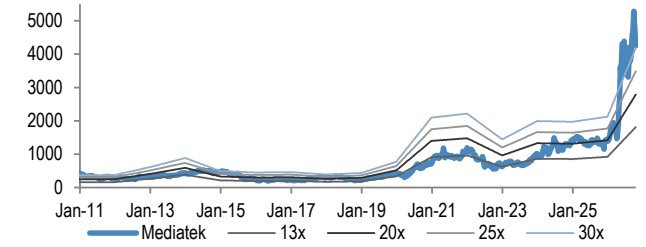
Source: J.P. Morgan estimates.

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P/E and P/BV charts

Figure 9: MediaTek – 12-month forward P/E

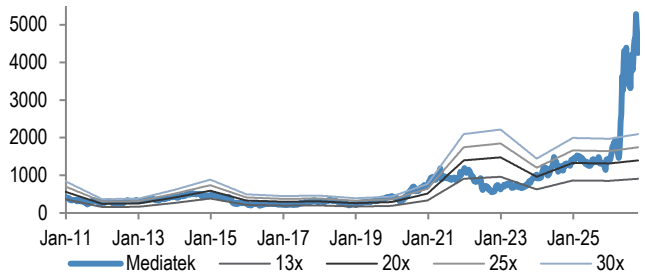
NT$, x



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 10: MediaTek – 12-month trailing P/E

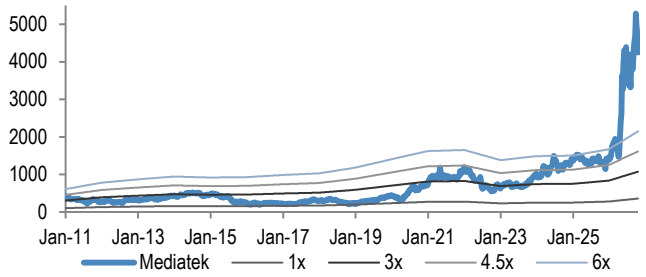
NT$, x



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 11: MediaTek – 12-month forward P/BV

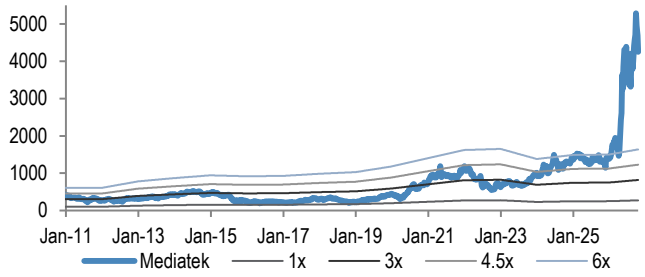
NT$, x



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 12: MediaTek – 12-month trailing P/BV

NT$, x



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

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Table 4: MediaTek – Financials

NT$ millions, year-end Dec.	2025				2026E				2027E				2028E							
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2025	2026E	2027E	2028E
Revenue	153,312	150,369	142,097	150,188	149,151	152,183	168,057	209,889	249,281	275,937	313,090	339,612	374,427	497,428	614,257	650,492	595,966	679,280	1,177,920	2,136,604
COGS	79,503	76,491	75,985	80,907	80,095	81,875	90,757	116,278	138,914	154,123	175,708	191,022	213,957	288,315	359,533	381,393	312,886	369,005	659,767	1,243,198
Gross profit	73,809	73,878	66,112	69,281	69,055	70,308	77,300	93,611	110,367	121,814	137,382	148,590	160,470	209,113	254,723	269,099	283,080	310,274	518,153	893,406
R&D expenses	35,782	36,923	36,353	39,248	38,345	39,361	42,950	44,811	46,700	50,290	53,757	54,867	56,977	65,855	72,863	74,705	148,306	165,467	205,615	270,399
Operating income	30,053	29,379	22,188	21,850	22,891	22,868	25,535	39,602	54,081	61,202	72,591	82,461	91,799	129,741	166,905	179,061	103,470	110,896	270,335	567,506
Pre-tax profit	34,553	33,228	29,960	27,147	27,019	27,962	29,341	43,515	57,541	64,674	76,356	86,284	96,488	133,214	170,744	182,567	124,888	127,837	284,855	583,013
Net profit (Reported)	29,325	27,848	25,221	22,925	24,172	24,401	25,820	39,163	50,061	54,973	67,193	77,655	83,945	113,232	150,255	164,311	105,319	113,557	249,882	511,742
New Taiwan GAAP EPS (NT$)	18.3	17.4	15.7	14.3	15.1	15.2	16.1	24.4	31.2	34.3	41.9	48.4	52.3	70.6	93.7	102.4	65.7	70.8	155.8	319.1
Shipment units (millions)																				
Feature Phone	18	17	16	16	15	13	12	11	11	11	11	10	10	10	9	9	66	52	42	38
Smartphone	129	121	113	117	94	75	76	59	56	56	57	56	53	53	56	54	480	303	225	217
4G	71	66	62	62	49	37	35	26	25	24	24	23	22	22	21	21	262	146	96	86
5G	58	55	51	55	46	38	41	33	31	32	33	32	30	32	35	34	218	157	128	131
Total Handset	147	138	129	132	109	88	88	70	67	67	68	66	62	63	65	63	546	355	267	254
Chromebook/Tablet	15	17	16	15	17	16	15	13	11	11	12	11	10	10	11	11	63	60	46	42
ASP (US$)																				
Feature Phone	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Smartphone	20.0	20.7	21.9	24.2	24.4	26.3	28.1	32.2	32.1	32.3	33.5	36.0	35.0	34.9	36.1	36.9	21.7	27.3	33.5	35.7
4G	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.2	7.2	7.2	7.3	7.3	7.3	7.2
5G	35.8	37.0	39.9	43.2	42.7	44.7	45.8	52.1	51.9	51.5	52.3	56.6	55.2	53.9	53.7	55.3	38.9	46.0	53.1	54.5
Total Handset	17.8	18.3	19.3	21.5	21.2	22.5	24.3	27.2	27.0	27.3	28.5	30.7	29.7	29.8	31.1	31.9	19.2	23.5	28.4	30.6
Chromebook/Tablet	8.1	8.1	8.1	8.1	9.0	9.0	10.0	10.1	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	8.1	9.5	11.0	11.0
Revenue Breakdown (%)																				
Mobile	56%	52%	53%	59%	49%	41%	41%	29%	23%	21%	20%	19%	16%	12%	11%	10%	0%	0%	0%	0%
Smart Edge	39%	43%	42%	37%	46%	53%	54%	67%	73%	76%	77%	78%	82%	86%	88%	88%	0%	0%	0%	0%
PMIC	5%	6%	5%	4%	5%	6%	5%	4%	3%	3%	3%	3%	3%	2%	2%	2%	0%	0%	0%	0%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Margins (%)																				
Gross margin	48.1	49.1	46.5	46.1	46.3	46.2	46.0	44.6	44.3	44.1	43.9	43.8	42.9	42.0	41.5	41.4	47.5	45.7	44.0	41.8
Operating margin	19.6	19.5	15.6	14.5	15.3	15.0	15.2	18.9	21.7	22.2	23.2	24.3	24.5	26.1	27.2	27.5	17.4	16.3	23.0	26.6
Pre-tax margin	22.5	22.1	21.1	18.1	18.1	18.4	17.5	20.7	23.1	23.4	24.4	25.4	25.8	26.8	27.8	28.1	21.0	18.8	24.2	27.3
New Taiwan GAAP net margin	19.1	18.5	17.7	15.3	16.2	16.0	15.4	18.7	20.1	19.9	21.5	22.9	22.4	22.8	24.5	25.3	17.7	16.7	21.2	24.0
Sequential Growth (%)																				
Revenue	11	-2	-6	6	-1	2	10	25	19	11	13	8	10	33	23	6	12	14	73	81
Gross profit	10	0	-11	5	0	2	10	21	18	10	13	8	8	30	22	6	7	10	67	72
Operating income	40	-2	-24	-2	5	0	12	55	37	13	19	14	11	41	29	7	1	7	144	110
Net profit	23	-5	-9	-9	5	1	6	52	28	10	22	16	8	35	33	9	-1	8	120	105
New Taiwan GAAP EPS	23	-5	-10	-9	5	1	6	52	28	10	22	16	8	35	33	9	-1	8	120	105

Source: Company data, J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

MediaTek Inc. *(Overweight; Price Target: NT$5,600.00)*

Investment Thesis

We are OW on MediaTek, given its TPU opportunity to continue to grow over the next 4-5 years and we believe it has the ability to reach $80-100bn annual run-rate by 2030E. We believe that MediaTek is likely to have majority unit share within TPUv8 (in 2027), be the primary ASIC vendor for TPUv9 with a sharp jump in ASPs, and is in pole position to emerge as the primary ASIC partner for TPUv10 with rising ASP per chip. For TPUv10, we expect Mediatek to provide I/O die, high-speed Serdes and other interconnect IP, overall packaging design and program management, with a business model similar to v9. We also believe that the market is underestimating the OP leverage from the ASIC ramp, which should drive significant upside to EPS estimates in the next 2 years, once ASIC revenues start flowing through.

Valuation

Our Jun-27 PT of NT$5600 is based on a 24x P/E multiple (moving back to a straight PE from SoTP, given ASICs are now the dominant earnings driver), which is higher than the past 10-year average, reflecting stronger growth for future TPU opportunity.

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) further pressure on Smartphone SoC GMs due to cost escalations and increased competition; and 2) slower progress on the NVDA partnership, given NVDA's expanded engagement with Intel and other chip makers.



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MediaTek Inc.: Summary of Financials

Income Statement - Annual	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	**433,446**	**530,586**	**595,966**	**679,280**	**1,177,920**
COGS	(226,079)	(267,200)	(312,886)	(369,005)	(659,767)
Gross profit	**207,367**	**263,386**	**283,080**	**310,274**	**518,153**
SG&A	(24,183)	(28,981)	(31,304)	(33,912)	(42,204)
Adj. EBITDA	**82,801**	**114,972**	**116,806**	**125,330**	**286,370**
D&A	(11,001)	(12,560)	(13,336)	(14,435)	(16,035)
Adj. EBIT	**71,800**	**102,412**	**103,470**	**110,896**	**270,335**
Net Interest	6,908	10,696	10,167	8,740	7,019
Adj. PBT	**86,782**	**119,519**	**124,888**	**127,837**	**284,855**
Tax	(9,591)	(12,378)	(18,770)	(13,872)	(34,973)
Minority Interest	(212)	(754)	(798)	(408)	0
Adj. Net Income	**76,979**	**106,386**	**105,319**	**113,557**	**249,882**
Reported EPS	48.12	66.47	65.71	70.80	155.80
Adj. EPS	**48.12**	**66.47**	**65.71**	**70.80**	**155.80**
DPS	**76.00**	**54.97**	**53.96**	**53.19**	**57.35**
Payout ratio	102.9%	114.2%	81.2%	80.9%	81.0%
Shares outstanding	1,600	1,601	1,603	1,604	1,604

Balance Sheet & Cash Flow Statement	FY23A	FY24A	FY25A	FY26E	FY27E
Cash and cash equivalents	180,673	219,624	247,709	162,404	251,439
Accounts receivable	60,641	51,770	68,597	117,308	189,810
Inventories	43,220	58,414	67,235	145,898	189,159
Other current assets	6,354	21,217	13,916	15,422	15,422
Current assets	**290,889**	**351,025**	**397,456**	**441,032**	**645,830**
PP&E	53,291	56,917	60,427	62,168	56,572
LT investments	152,228	172,525	171,501	186,728	192,728
Other non current assets	138,631	117,400	114,400	140,030	140,030
Total assets	**635,038**	**697,868**	**743,785**	**829,957**	**1,035,160**
Short term borrowings	7,826	8,919	4,481	31,542	31,542
Payables	38,779	40,777	48,710	71,508	118,809
Other short term liabilities	185,394	217,207	250,159	237,449	237,449
Current liabilities	**231,999**	**266,902**	**303,350**	**340,498**	**387,800**
Long-term debt	4,605	2,681	6,795	8,815	8,815
Other long term liabilities	24,229	23,228	24,444	25,673	25,673
Total liabilities	**260,833**	**292,812**	**334,590**	**374,986**	**422,288**
Shareholders' equity	368,206	396,627	400,601	446,520	604,421
Minority interests	6,000	8,428	8,594	8,451	8,451
Total liabilities & equity	**635,038**	**697,868**	**743,785**	**829,957**	**1,035,160**
BVPS	**230.18**	**247.95**	**250.12**	**278.40**	**376.85**
y/y Growth	*(16.3%)*	*7.7%*	*0.9%*	*11.3%*	*35.4%*
Net debt/(cash)	(168,242)	(208,023)	(236,433)	(122,047)	(211,082)
Cash flow from operating activities	**199,780**	**131,571**	**141,195**	**9,198**	**197,456**
o/w Depreciation & amortization	11,001	12,560	13,336	14,435	16,035
o/w Changes in working capital	111,800	12,624	22,540	(118,794)	(68,462)
Cash flow from investing activities	**(44,405)**	**(15,253)**	**(12,822)**	**(57,032)**	**(16,439)**
o/w Capital expenditure	(10,431)	(16,186)	(16,846)	(16,176)	(10,439)
as % of sales	*2.4%*	*3.1%*	*2.8%*	*2.4%*	*0.9%*
Cash flow from financing activities	**(139,511)**	**(77,368)**	**(100,288)**	**(37,472)**	**(91,981)**
o/w Dividends paid	(121,574)	(87,979)	(86,491)	(88,877)	(91,981)
o/w Net debt issued/(repaid)	6,321	(1,831)	892	30,309	-
Net change in cash	**15,864**	**38,951**	**28,085**	**(85,305)**	**89,035**
Adj. Free cash flow to firm	**183,204**	**105,796**	**115,710**	**(14,769)**	**180,859**
y/y Growth	*85.0%*	*(42.3%)*	*9.4%*	*(112.8%)*	*(1324.6%)*

Income Statement - Quarterly	1Q26A	2Q26A	3Q26E	4Q26E
Revenue	**149,151**	**152,183**	**168,057**	**209,889**
COGS	(80,095)	(81,875)	(90,757)	(116,278)
Gross profit	**69,055**	**70,308**	**77,300**	**93,611**
SG&A	(7,819)	(8,079)	(8,816)	(9,198)
Adj. EBITDA	**26,239**	**26,437**	**29,275**	**43,379**
D&A	(3,349)	(3,569)	(3,740)	(3,777)
Adj. EBIT	**22,891**	**22,868**	**25,535**	**39,602**
Net Interest	2,311	2,461	1,931	2,038
Adj. PBT	**27,019**	**27,962**	**29,341**	**43,515**
Tax	(2,643)	(3,357)	(3,521)	(4,351)
Minority Interest	(204)	(204)	0	0
Adj. Net Income	**24,172**	**24,401**	**25,820**	**39,163**
Reported EPS	15.07	15.21	16.10	24.42
Adj. EPS	**15.07**	**15.21**	**16.10**	**24.42**
Shares outstanding	1,604	1,604	1,604	1,604

Ratio Analysis	FY23A	FY24A	FY25A	FY26E	FY27E
Gross margin	47.8%	49.6%	47.5%	45.7%	44.0%
EBITDA margin	19.1%	21.7%	19.6%	18.5%	24.3%
EBIT margin	16.6%	19.3%	17.4%	16.3%	23.0%
Net profit margin	17.8%	20.1%	17.7%	16.7%	21.2%
ROE	19.0%	27.8%	26.4%	26.8%	47.6%
ROA	12.4%	16.0%	14.6%	14.4%	26.8%
ROCE	15.4%	23.3%	21.4%	22.0%	41.9%
SG&A/Sales	5.6%	5.5%	5.3%	5.0%	3.6%
Net debt/equity	NM	NM	NM	NM	NM
P/E (x)	86.2	62.4	63.2	58.6	26.6
P/BV (x)	18.0	16.7	16.6	14.9	11.0
EV/EBITDA (x)	78.5	56.8	56.2	51.6	22.5
Dividend Yield	1.8%	1.3%	1.3%	1.3%	1.4%
Sales/Assets (x)	0.7	0.8	0.8	0.9	1.3
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	206.3%	190.2%	8.4%	51.3%	195.9%
Revenue y/y Growth	(21.0%)	22.4%	12.3%	14.0%	73.4%
EBITDA y/y Growth	(39.1%)	38.9%	1.6%	7.3%	128.5%
Tax rate	11.1%	10.4%	15.0%	10.9%	12.3%
Adj. Net Income y/y Growth	(34.8%)	38.2%	(1.0%)	7.8%	120.0%
EPS y/y Growth	(34.9%)	38.1%	(1.1%)	7.7%	120.1%
DPS y/y Growth	4.1%	(27.7%)	(1.8%)	(1.4%)	7.8%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which